NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-6297
WILLIAM MARSH/MOSCOW

DECEMBER 4, 1978

"TALKS IN MOSCOW"

ANNCR:

AN AMERICAN DELEGATION IS IN MOSCOW TO DISCUSS TRADE TIES BETWEEN THE UNITED STATES AND THE SOVIET UNION. DEVELOPMENTS IN THIS AREA HAVE NOT ALL BEEN FAVORABLE AS WE HEAR IN THIS BACKGROUND REPORT FROM VOA CORRESPONDENT BILL MARSH IN MOSCOW.

VOICE:

THE FIGURES IN THIS CASE DON'T TELL THE WHOLE STORY. THEY SHOW THAT DURING THE FIRST TWO THIRDS OF NINETEEN SEVENTY EIGHT TOTAL TRADE TURNOVER BETWEEN THE UNITED STATES AND THE SOVIET UNION WAS NEARLY FIFTY PERCENT ABOVE THAT OF NINETEEN SEVENTY SEVEN. BUT IN FACT -- AND THIS WAS POINTED OUT MONDAY BY U.S. TREASURY SECRETARY MICHAEL BLUMENTHAL -- THIS REFLECTED A LARGE INCREASE IN EXPORTS SECRETARY MICHAEL BLUMENTHAL -- THIS REFLECTED A LARGE INCREASE IN EXPORTS OF U.S. AGRICULTURAL GOODS TO THE SOVIET UNION. THE FIGURES FOR NON-AGRICULTURAL GOODS ACTUALLY WENT DOWN AND, AS THE TREASURY SECRETARY POINTED OUT, IT'S LIKELY THAT WHEN THE FINAL TALLY IS IN FOR NINETEEN SEVENTY EIGHT, THE YEAR'S TOTAL WILL BE LESS THAN NINETEEN SEVENTY-SEVEN AND WELL UNDER THE PEAK YEAR NINETEEN SEVENTY SIX. THE UNITED STATES, THEREFORE, IS NOT VERY HAPPY WITH ITS TRADE PROFILE VIS-A-VIS THE SOVIET UNION AND THIS IS THE REAL PURPOSE OF THIS CONFERENCE.

IT'S THE SEVENTH MEETING OF THE JOINT U.S. U.S.S.R. COMMERCIAL COMMISSION, A COMMISSION THAT MEETS ONCE EACH YEAR TO EXAMINE WAYS TO IMPROVE COMMERCIAL RELATIONS. MISTER BLUMENTHAL AND COMMERCE SECRETARY JUANITA KREPS ARE HERE AS PART OF A LARGE DELEGATION AND MANY OF THE U.S. CONFEREES ARE DISTURBED BY RECENT COMMERCIAL DEVELOPMENTS.

IN HIS OPENING ADDRESS ON MONDAY, SECRETARY BLUMENTHAL ALSO POINTED TO THE CASE OF FRANCIS CRAWFORD, THE AMERICAN BUSINESSMAN WHO WAS ARRESTED AND IMPRISONED IN MOSCOW LAST JUNE. MISTER BLUMENTHAL CRITICIZED THE SOVIET HANDLING OF MISTER CRAWFORD AND COMPLAINED THAT SUCH TREATMENT CANNOT CONTRIBUTE POSITIVELY TO THE DEVELOPMENTS OF U.S.-SOVIET BUSINESS TIES.

THE SOVIET UNION IS ALSO NOT HAPPY ABOUT DEVELOPMENTS IN THE BUSINESS AREA. TASS CORRRESPONDENT YURI LEVHCENKO OVER THE WEEKEND FILED A REPORT SAYING THAT THE UNITED STATES WAS TOO RESTRICTIVE IN ITS TRADE POLICY TOWARD THE SOVIET UNION. SECRETARY BLUMENTHAL RESPONDED TO THIS COMPLAINT MONDAY. HE NOTED THAT PRESIDENT CARTER HAS PUBLICLY CONFIRMED HIS DESIRE FOR A BETTER RELATIONSHIP WITH THE SOVIET UNION AND FOR INCREASED TRADE. THE UNITED STATES, MISTER BLUMENTHAL SAID, IS SEEKING WAYS TO ELIMINATE UNNECESSARY DELAYS IN THE ISSUANCE OF EXPORT LICENSES.

THE GENERAL TRADE PICTURE IS BEING SUBJECTED TO CRITICAL ANALYSIS THIS WEEK BY THE PEOPLE WHO MOST CARE ABOUT IT. IN ADDITI TO SECRETARIES BLUMENTHAL AND KREPS, THERE ARE ABOUT FOUR HUNDRED AMERICAN BUSINESSMEN IN TOWN REPRESENTING SOME TWO HUNDRED FIFTY U.S. FIRMS. THEY'RE ALL INTERESTED IN INCREASING BUSINESS WITH THE SOVIET UNION AND TO THIS END THEY'LL BE TAKING PART IN A JOINT ECONOMIC COUNCIL MEETING SCHEDULED TO BEGIN HERE WEDNESDAY AFTER THE COMMERCIAL COMMISSION WINDS UP ITS BUSINESS FOR ANOTHER YEAR.

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